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RURAL ROADS

2-54

Agreement Between the
UNITED STATES OF AMERICA
and SYRIA

Signed at Damascus September 12, 1979

NOTE BY THE DEPARTMENT OF STATE

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SYRIA

Rural Roads

Agreement signed at Damascus September 12, 1979;
Entered into force September 12, 1979.

Project Number 276-0033

PROJECT LOAN AGREEMENT

Between

THE SYRIAN ARAB REPUBLIC

and

THE UNITED STATES OF AMERICA

for

RURAL ROADS

Dated: September 12, 1979

TIAS 9638

PROJECT LOAN AGREEMENT

Between

The Syrian Arab Republic ("Borrower")

and

The United States of America, acting through the Agency for International Development ("A.I.D.").

ARTICLE I

The Agreement

The purpose of this Agreement is to set out the understandings of the parties named above ("Parties") with respect to the undertaking by the Borrower of the Project described below, and with respect to the financing of the Project by the Parties.

ARTICLE II

The Project

SECTION 2.1. Definition of Project. The Project, which is further described in Annex 1, will consist of the construction of approximately 1,126 kilometers of all-weather rural roads in the four provinces of Aleppo, Raqqa, Deir Ezzor and Hassakah to serve approximately 212,300 people, and the technical services for materials analysis, construction technology, and economic/social evaluation.

Annex 1, attached, amplifies the above definition of the Project.

Within the limits of the above definition of the Project, elements of the amplified description stated in Annex 1 may be changed by written agreement of the authorized representatives of the Parties named in Section 9.2., without formal amendment of this Agreement.

ARTICLE III

Financing

SECTION 3.1. The Loan. To assist the Borrower to meet the costs of carrying out the Project, A.I.D., pursuant to the Foreign Assistance act of 1961, as amended,[1] agrees to lend the Borrower under the terms of this Agreement not to exceed Twenty-Six Million Four Hundred Thousand United States ("U.S.") dollars ($26,400,000) ("Loan"). The aggregate amount of disbursements under the Loan is referred to as "principal."

SECTION 3.2. Borrower Resources for the Project. The Borrower agrees to provide or cause to be provided for the Project all funds, in addition to the Loan, and all in a timely manner. It is contemplated that this contribution will amount to twenty-five percent (25%) of total project cost.

SECTION 3.3. Project Assistance Completion Date.

(a) The "Project Assistance Completion Date" (PACD), which is September 30, 1982, or such other date as the Parties may agree to in writing, is the date by which the Parties estimate that all portions of the Project financed jointly by them on a Fixed Amount Reimbursement (FAR) basis will have been completed and that all services financed under the Loan other than on a FAR basis will have

[1] 75 Stat. 424; 22 U.S.C. § 2151 note.

been furnished for the Project as contemplated in this Agreement.

(b) Except as A.I.D. may otherwise agree in writing, A.I.D. will not issue or approve documentation which would authorize disbursement of the Loan for FAR portions of the Project completed subsequent to the PACD, or in the case of portions of the Project financed under the Loan other than on a FAR basis, for services performed subsequent to the PACD or for goods furnished for the Project, as contemplated in this Agreement, subsequent to the PACD.

(c) Necessary supporting documentation prescribed in Project Implementation Letters, are to be received by A.I.D. or any bank described in Section 8.1. no later than twelve (12) months following the PACD, or such other period as A.I.D. agrees to in writing. After such period, A.I.D., giving notice in writing to the Borrower, may at any time or times reduce the amount of the Loan by all or any part thereof for which requests for disbursement, accompanied by necessary supporting documentation prescribed in Project Implementation Letters, were not received before the expiration of said period.

ARTICLE IV

Loan Terms

SECTION 4.1. Interest. The Borrower will pay to A.I.D. interest which will accrue at the rate of two percent (2%) per annum for ten (10) years following the date of the first disbursement hereunder and at the rate of three percent (3%) per annum thereafter on the outstanding balance of Principal and on any due and unpaid interest. Interest on the outstanding balance will accrue from the date (as defined in Section 8.5.) of each respective

disbursement, and will be payable semiannually. The first payment of interest will be due and payable no later than six (6) months after the first disbursement hereunder, on a date to be specified by A.I.D.

SECTION 4.2. Repayment. The Borrower will repay to A.I.D. the Principal within forty (40) years from the date of the first disbursement of the Loan in sixty-one (61) approximately equal semiannual installments of Principal and interest. The first installment of Principal will be payable nine and one-half (9-1/2) years after the date on which the first interest payment is due in accordance with Section 4.1. A.I.D. will provide the Borrower with an amortization schedule in accordance with this Section after the final disbursement under the Loan.

SECTION 4.3. Application, Currency, and Place of Payment. All payments of interest and Principal hereunder will be made in U.S. dollars and will be applied first to the payment of interest due and then to the repayment of Principal. Except as A.I.D. may otherwise specify in writing, payments will be made to the Controller, Office of Financial Management, Agency for International Development, Washington, D. C. 20523, U.S.A., and will be deemed made when received by the Office of Financial Management.

SECTION 4.4. Prepayment. Upon payment of all interest and any refunds then due, the Borrower may prepay, without penalty, all or any part of the Principal. Unless A.I.D. otherwise agrees in writing, any such prepayment will be applied to the installments of Principal in the inverse order of their maturity.

SECTION 4.5. Renegotiation of Terms.

(a) The Borrower and A.I.D. agree to negotiate, at such time or times as either may request, an acceleration of the repayment of the Loan in the event that there is any significant and continuing improvement in the internal and external economic and financial position and prospects of the Syrian Arab Republic, which enable the Borrower to repay the Loan on a shorter schedule.

(b) Any request by either Party to the other to so negotiate will be made pursuant to Section 9.1., and will give the name and address of the person or persons who will represent the requesting Party in such negotiations.

(c) Within thirty (30) days after delivery of a request to negotiate, the requested Party will communicate to the other, pursuant to Section 9.1., the name and address of the person or persons who will represent the requested Party in such negotiations.

(d) The representatives of the Parties will meet to carry on negotiations no later than thirty (30) days after delivery of the requested Party's communication under subsection (c). The negotiations will take place at a location mutually agreed upon by the representatives of the Parties, provided that, in the absence of mutual agreement, the negotiations will take place at the office of Borrower's Minister of State for Planning Affairs in the Syrian Arab Republic.

SECTION 4.6. Termination on Full Payment. Upon payment in full of the Principal and any accrued interest, this Agreement and all obligations of the Borrower and A.I.D. under it will cease.

ARTICLE V

Conditions Precedent to Disbursement

SECTION 5.1. First Disbursement. Prior to the first disbursement under the Loan, or to the issuance by A.I.D. of documentation pursuant to which disbursement will be made, the Borrower will, except as the Parties may otherwise agree in writing, furnish to A.I.D. in form and substance satisfactory to A.I.D.:

(a) An opinion of counsel acceptable to A.I.D. that this Agreement has been duly authorized and/or ratified by, and executed on behalf of, the Borrower, and that it constitutes a valid and legally binding obligation of the Borrower in accordance with all of its terms;

(b) A statement of the name of the person holding or acting in the office of the Borrower specified in Section 9.2., and of any additional representatives, together with a specimen signature of each person specified in such statement.

SECTION 5.2. Disbursement for Construction. Prior to any disbursement to finance construction costs of a sub-project, or to the issuance by A.I.D. of any commitment documents under the Loan for such disbursement, the Borrower will, except as A.I.D. may otherwise agree in writing, furnish to A.I.D. in form and substance satisfactory to A.I.D. designs, contract documents, and cost estimates for that sub-project road.

SECTION 5.3. Notification. When A.I.D. has determined that the conditions precedent specified in Sections 5.1. and 5.2. have been met, it will promptly notify the Borrower.

SECTION 5.4. Terminal Dates for Conditions Precedent.

(a) If all of the conditions specified in Section 5.1. have not been met within 120 days from the date of this Agreement, or such later date as A.I.D. may agree to in writing, A.I.D., at its option, may terminate this Agreement by written notice to Borrower.

(b) If all of the conditions specified in Section 5.2. have not been met within the time period established by the implementation schedule in Annex 1 hereto, or such later date as A.I.D. may agree to in writing, A.I.D., at its option, may cancel the then undisbursed balance of the Loan, to the extent not irrevocably committed to third parties, and may terminate this Agreement by written notice to the Borrower. In the event of such termination, the Borrower will repay immediately the Principal then outstanding and any accrued interest; on receipt of such payments in full, this Agreement and all obligations of the Parties hereunder will terminate.

ARTICLE VI

Special Covenants

SECTION 6.1. Maintenance. The Borrower agrees that the road improvements financed under the Loan will be maintained and that adequate maintenance funds will be provided in subsequent annual budgets.

SECTION 6.2. Competitive Procurement. The Borrower agrees that to the extent practicable all construction contracts awarded after the signing of this agreement will be made on the basis of competitive bidding procedures.

ARTICLE VII

Procurement Source

SECTION 7.1. Foreign Exchange Costs. Disbursements pursuant to Section 8.1. will be used exclusively to finance the costs of goods and services required for the Project having their source and origin in the United States (Code 000 of the A.I.D. Geographic Code Book as in effect at the time orders are placed or contracts entered into for such goods or services) ("Foreign Exchange Costs"), except as A.I.D. may otherwise agree in writing, and except as provided in the Project Loan Standard Provisions Annex,[1] Section C.1(b) with respect to marine insurance.

SECTION 7.2. Local Currency Costs. Disbursements pursuant to Section 8.2. will be used exclusively to finance the costs of goods and services required for the Project having their source and, except as A.I.D. may otherwise agree in writing, their origin in the Syrian Arab Republic ("Local Currency Costs").

ARTICLE VIII

Disbursements

SECTION 8.1. Disbursement for Foreign Exchange Costs.

(a) After satisfaction of conditions precedent, the Borrower may obtain disbursements of funds under the Loan for the Foreign Exchange Costs of goods or services required for the Project in accordance with the terms of this Agreement, by such of the following methods as may be mutually agreed upon:

(1) by submitting to A.I.D., with necessary supporting documentation as prescribed in Project Implementation Letters, (A) requests for reimbursement for such

[1] Not printed herein. For text, see TIAS 9554; 30 UST.

goods or services, or (B) requests for A.I.D. to procure commodities or services in Borrower's behalf for the Project; or

(2) by requesting A.I.D. to issue Letters of Commitment for specified amounts (A) to one or more U.S. banks, satisfactory to A.I.D., committing A.I.D. to reimburse such bank or banks for payments made by them to contractors or suppliers, under Letter of Credit or otherwise, for such goods or services, or (B) directly to one or more contractors or suppliers, committing A.I.D. to pay such contractors or suppliers for such goods or services.

(b) Banking charges incurred by Borrower in connection with Letters of Commitment and Letters of Credit will be financed under the Loan unless the Borrower instructs A.I.D. to the contrary. Such other charges as the Parties may agree to may also be financed under the Loan.

SECTION 8.2. Disbursement for Local Currency Costs. Upon satisfaction by the Borrower of the conditions precedent set forth in ARTICLE V, the Borrower, from time to time, may request disbursement by A.I.D. of the United States dollars in accordance with procedures to be set forth in implementation letters. Such disbursement shall be made to reimburse the Borrower for local currency costs of eligible items procured for the project in accordance with the terms and conditions of this Agreement, upon submission to A.I.D. of such supporting documentation as A.I.D. may prescribe in implementation letters.

SECTION 8.3. Other Forms of Disbursement. Disbursements of the Loan may also be made through such other means as the Parties may agree to in writing.

SECTION 8.4. Rate of Exchange. The rate of exchange for determining the dollar equivalent of the approved amount for reimbursement shall be the highest lawful rate of exchange (i.e., that rate yielding the largest number of Syrian pounds) at which Syrian pounds may be bought with United States dollars in Syria as established by the Commercial Bank of Syria, on the date of disbursement.

SECTION 8.5. Date of Disbursement. Disbursements by A.I.D. will be deemed to occur on the date on which A.I.D. makes a disbursement to the Borrower or its designee, or to a bank, contractor or supplier pursuant to a Letter of Commitment, contract, or purchase order.

ARTICLE IX

Miscellaneous

SECTION 9.1. Communications. Any notice, request, document, or other communications submitted by either Party to the other under this Agreement will be in writing or by telegram or cable, and will be deemed duly given or sent when delivered to such party at the following address:

To the Borrower:

Mail Address: State Planning Commission
Damascus, Syrian Arab Republic

To A.I.D.:

Mail or Cable Address: United States Agency for International Development
c/o Embassy of the United States of America
Damascus, Syrian Arab Republic

Alternate Address for Cables: USAID/Damascus

All such communications will be in English, unless the Parties otherwise agree in writing. Other addresses may be substituted for the above upon the giving of notice.

SECTION 9.2. Representatives. For all purposes relevant to this Agreement, the Borrower will be represented by the individual holding or acting in the office of Deputy Minister of State for Planning Affairs and A.I.D. will be represented by the individual holding or acting in the office of the Mission Director to the Syrian Arab Republic, each of whom, by written notice, may designate additional representatives for all purposes other than exercising the power under Section 2.1. to revise elements of the amplified description to Annex 1. The names of the representatives of the Borrower, with specimen signatures, will be provided to A.I.D., which may accept as duly authorized any instrument signed by such representatives in implementation of this Agreement, until receipt of written notice of revocation of their authority.

SECTION 9.3. Standard Provisions Annex. A "Project Loan Standard Provisions Annex" (Annex 2)[1] is attached to and forms part of this Agreement.

IN WITNESS WHEREOF, the Borrower and the United States of America, each acting through its duly authorized representative, have caused this Agreement to be signed in their names and delivered as of the day and year first above written.

SYRIAN ARAB REPUBLIC [2]

By: _____

Title:

UNITED STATES OF AMERICA [3]

By: Miles G. Wedeman

Title:

[1] See footnote 1, p. 10.
[2] George Horaniyeh.
[3] Miles G. Wedeman.

ANNEX 1

PROJECT DESCRIPTION

A. Project Description: The loan will provide funding for the construction of approximately 60 rural roads totaling 1,126 kilometers in the four Muhafazats of Aleppo, Raqqa, Deir Ezzor and Hasakah. The construction effort will be sub-divided into five elements: earthwork; drainage structures; sub-base course; base course; and bituminous surfacing. Construction of almost all of the project roads was initiated under the Fourth Five-Year Plan which went into effect in 1975. Some of the roads were begun in the early stages of the Plan period while others were started more recently. Some earthwork has been completed for most of the roads but none have been completed through the surfacing stage. Therefore, the A.I.D. funds will be used to finance all aspects of construction, i.e., earthwork, drainage structures, sub-base course, and base course, and bituminous surfacing; and technical services consisting of materials analysis, construction technology and economic/social evaluation.

1. Road Construction.

Priority	Road Description*	Approximate Length (Kms.)
	ALEPPO MUHAFAZAT	
1	Aleppo-Kale't Sama'an-Jnedres-Hamam	33.0
2	Sfere-Khanaser	22.0
3	Ien Arab-Sereen	35.0
4	Manbej-Khafse	33.0
5	Bab-der Hafer	24.0
6	Nabi Houri-Der Sawan	10.5
7	Khanaser-Tal Daman	31.0

ANNEX 1

Priority	Road Description *	Approximate Length (Kms.)
8	Shiuekh Foukani-Shiuekh Tahtani	29.0
9	Manbej-Abu Kakkal-Sandaleyeh	29.5
10	Manbej Khafse Road-Abu Kahef	40.0
11	Ien Arab-Jalabiyeh	40.0
	TOTAL	327.0
	RAQQA MUHAFAZAT	
1	Ien Issa-Kfefe-Zarzouri	14.0
2	Mreran-Ien Issa	6.0
3	Jouneyeh-Thawra	4.0
4	Zedi-Kantari	20.0
5	Zedi-Nosf Tal	18.0
6	Heshe-Sharakrak	9.0
7	Hamarat	35.0
8	Slouk-Ras Alien	45.0
9	Tal Abyad	50.0
10	Slouk-Alzedi	20.0
11	Slouk-Kantari	24.0
	TOTAL	245.0
	DEIR EZZOR MUHAFAZAT	
1	Deir Ezzor-Bserah-Bawara	67.0
2	Deir Ezzor-Hatle-Mrat-Maxloum	23.0
3	Ma-adan-Attik	13.0
4	Shehel School-Kraieyh	2.5
5	Sheikh Hamad	3.0
6	Jdid-Bakara	2.0
7	Kouriyeh Jamieyh	4.0
8	Kharieyeh Jamieyh	2.0
9	Gabra-Deir Ezzor Hwy.	3.5
10	Abu Hardoub-Deir Ezzor Hwy.	3.5

Priority	Road Description *	Approximate Length (Kms.)
11	Salhiyeh-Deir Ezzor Hwy.	3.0
12	Mayadin-Badiyeh	3.0
13	Sayaleh-Deir Ezzor Hwy.	7.5
14	Ramadi-Deir Ezzor Hwy.	6.0
15	Al Bagous-Alma'abar	0.9
16	Al-Tayaneh-Mazraet Shanan	3.8
17	Almaslakha-Alramadi	5.5
18	Alkoureyeh-Alsharah	4.5
19	Hemar Alkasrah-Hemar Alali	5.3
20	Ziban-Alnaheyeh	8.3
21	Almaryameyeh-Al Taes	1.5
22	Aldewar	3.0
23	Alabas	3.5
24	Altawatemeh	3.5
25	Zeger-Aljazereh	0.6
26	Darnej-Alma'abar	2.0
27	Almaryaeyeh-Alsharke	2.5
28	Mazraet Shanam	0.9
29	Alragib-Zebian	2.4
	TOTAL	191.2
	HASAKAH MUHAFAZAT	
1	Hasakah-Amouwda	35.0
2	Jabal Abdul Zaiz-Goura-Tamer	32.0
3	Mafrak Al Houl-Tal Brak	40.0
4	Tal Tamer-Aburasen-Al Kassra	35.0
5	Jawadiyeh-Jonop Al Rad	60.0
6	Leilan-Hamarneh	2.6
7	Oum Kakeif-Tahtani	7.6

Priority	Road Description *	Approximate Length (Kms.)
8	Hasakah-Derbaseyeh	65.0
9	Hasakah-Tal Mojdal-Tal Tamer-Rasien	85.0
	TOTAL	362.2
	GRAND TOTAL	1,125.4

* Individual road listed is a sub-project for purposes of this Agreement. [Footnote in the original.]

2. Technical Services: The Loan includes U.S. $50,000 for providing technical services as required for materials analysis, construction technology and economic/social evaluations of the Project.

3. Additional Road Projects: If after implementation of the above listed road sub-projects, there are loan funds remaining, additional road sub-projects may be selected from the following list in the priority listed for each Muhafazat:

Priority	Road Description	Approximate Length (Kms.)
	ALEPPO MUHAFAZAT	
12	Ireme-Abu Kahef-Mahdoun	45.0
13	Bab-Kabasin-Gandura-Ikhitrin	25.0
14	Doudian-Ikhitrin	22.0
15	Ien Arab-Kharabanas	41.0
16	Jendris-Ba'akanli	40.0
17	Al Bab-Qulan Soussiane	14.1
18	Soussiane-Hazwan	4.1
19	Oum Shokeib-Soukariyeh Kabireh-Soukariyeh Saghireh	11.9
20	Soussiane-Shdoud	5.2

Priority	Road Description	Approximate Length (Kms.)
21	Soukarieh Saghireh-Abou Jbar	8.8
22	Membej-Kardalah Tahtani-Dadat	13.9
23	Ikhtrin-Gandoura	42.0
24	Araime-Gandoura	20.0
25	Zour Mgar-Jarablous-ArabAfra-Gandoura	44.0
26	Khanaser-Koffer Hourt-Ja'ara-Akraba	36.0
27	Deir Sama'am-Eirin-Main Road	23.0
28	Shekh Alhadid-Katrauli	21.5
29	Tal Rouman-Boweder-Tal Al Gazal	46.0
	RAQQA MUHAFAZAT	
12	Mrerau-Sharakrak	18.0
13	Mahmoudli-Salhabeyeh	20.0
14	Ien Issa-Tal Alsameu	20.0
15	Aljourneyeh-Shames Aldin	15.0
16	Salhabeyeh-Ien Issa	70.0
17	Kantari-Twal Al-aba	12.0
	DEIR EZZOR MUHAFAZAT	
	No Projects Identified	
	HASAKAH MUHAFAZAT	
10	Hasakah-Houl-Shadad-Markada	100.0

B. Design Standards: The Ministry of Communications has adopted a typical cross section for all rural roads (Attachment A). This roadway section will be used for all rural roads that are to be paved with asphalt initially or at a later time. This typical roadway consists of a paved asphalt surface of two lanes, each three meters in width.

It has a one meter shoulder on each side. The design speed is a maximum of 65 kilometers per hour and is designed to carry up to 500 vehicles per day. The project roads will be constructed to these design standards except for asphalt surfacing. The roads will be constructed with either a surface treatment or a bituminous base course.

The designs required for this project will consist of a simple plan and profile sheet indicating existing topography, ground lines and proposed road profile grade line, proposed drainage structure locations, detailed design for structures, and typical road cross section.

1. Plans. The plans prepared for each road subproject contain the following elements and are in accordance with the standards adopted by the Ministry of Communications and Muhafazats for rural road construction.

a. Plan and Profile Sheets. The plan and profile sheets indicate the existing topography, existing ground line on the center line of proposed roadway, the proposed profile grade on the center line of the proposed roadway, the location of proposed drainage structures and the size and type of structure and the typical road cross section. See Exhibit No. 1 for approved typical roadway cross section for Project.

b. Design Detail for Structures. The plans will contain details as to the design of reinforced concrete pipe culverts, reinforced concrete box culverts and reinforced concrete bridge structures. Minor drainage structures will consist of pipe culverts of 80 and 100 centimeters and box culverts with one to three cells with heights that vary from one to two meters and width that

varies from two to three meters. Major drainage structures consist of simple span bridges with a sufficient opening to allow the passing of a 50 year peak runoff with an average speed of 3.0 meters per second. Simple span designs will be used for simplicity of construction and low cost.

c. Bill of Quantities. A bill of quantities is provided for each road project. The bill of quantities is broken down into four major sub-categories of earthwork, drainage structures, sub-base and base courses, and bituminous surfacing as each of these major items may be let in separate contracts.

2. Technical Specifications. The Ministry of Communications and the Muhafazats have developed standard specifications for the construction of each type of work. These technical specifications have been reviewed by USAID engineers and found to be satisfactory to insure a quality construction product.

3. Plan Preparation. The Department of Communications of each Muhafazat will prepare the plans, specifications and bid documents. The roads will be designed and constructed in accordance with the standards adopted by the Muhafazats and approved by the Ministry of Communications, Directorate of Construction and Maintenance of Roads and Bridges. The design package for each individual road project will be reviewed by USAID, Syria, prior to the release of loan funds to finance the construction costs for that particular road.

C. Construction Methods.

1. Contract. The road projects will be performed by either local Syrian private contractors or Government-owned companies. The contracts will be awarded to the lowest bidder in accordance with the established practice of the Ministry of Communications. There are enough private contractors available in Syria to offer sufficient competition for the work to be performed. Standard Department of Communications contracts will be used for construction. These are based on the Contracting Procedures Decree 228 of the Syrian Arab Republic. Construction contracts are awarded by the individual Muhafazats and will be reviewed by the Ministry of Communications to insure that they meet the standards adopted by the Ministry of Communications. The Government's standard contracts now being used by the individual Muhafazats are satisfactory to A.I.D.

The inspection/supervision of construction will be done by the engineering staff of the Directorate of Communications in each of the Muhafazats. The Muhafazats' Directorate of Communications have been doing this type of work for several years and all are considered to have sufficient numbers of experienced and qualified personnel to perform the inspection and supervision of the work contemplated.

2. Materials and Construction. Virtually all of the materials required for construction are indigenous to Syria and are readily available, including bituminous and POL products. However, at times there are shortages of some materials such as reinforcing steel, cement and

asphalt products which may require their importation into Syria.

A large deposit of natural sand asphalt is located in Deir Ezzor Muhafazat. The local name for it is beshiry and it is now being used on many of the rural roads under construction in Deir Ezzor and Hasakah Muhafazats. This material may be used on the road Project.

D. Financial Analysis.

1. Financial Plan. Total estimated project construction cost is $37,900,000. The A.I.D. loan will be used for local cost financing of construction and technical services in the amount of $26,400,000. The A.I.D. loan will finance up to seventy five percent (75%) of the construction cost of roads. The Syrian Government will finance not less than twenty five percent (25%) of the construction cost of roads and one hundred percent (100%) of the design and construction supervision cost. The following is the estimated cost of the Project:

ITEM	A.I.D.	SARG	TOTAL
Design	$ -	$ 809,000	$ 809,000
Construction Supervision	-	1,349,000	1,349,000
Construction Contracts	20,224,000	6,742,000	26,966,000
Technical Services	50,000	-	50,000
Inflation	3,390,000	1,469,000	4,859,000
Contingencies	2,736,000	1,131,000	3,867,000
TOTAL PROJECT	$26,400,000	$11,500,000	$37,900,000

2. Construction Reimbursement Plan and Procedures.

A modified Fixed Amount Reimbursement (FAR) method will be followed in financing the sixty road construction projects. Reimbursement will be made on a quarterly basis for each road project upon notification by SARG of the percentage of construction work completed and receipt of request for reimbursement. Reimbursement will be based on completed kilometers of earth work (25%), drainage structures (10%), sub-base course (18%), base course (22%), and bituminous surfacing (25%). Each road project will have ten (10%) percent of the A.I.D. amount withheld until the individual road project is completed. The above percentages are estimates and final values will be determined from final detailed cost estimates submitted by the SARG.

Upon a determination made by A.I.D., either through direct hire employees or a consulting engineering firm, that the work conforms to the agreed plans and specifications, A.I.D. will make direct reimbursements to the Ministry of Finance for that portion of the work completed. The Government will designate an account into which the A.I.D. funds will be deposited. The Ministry of Finance will be responsible for making funds available to the implementing agency in the Muhafazats (Directorate of Communications) in accordance with its normal budgetary process when and as required.

E. Implementation Arrangements.

1. Administrative Arrangements.

a. Syrian Arab Republic (SARG): The State Planning Commission will represent the Government as the Borrower.

(1) Implementation Agency: The Ministry of Local Administration will be the implementing agency working through the Directorate of Communications in each of the Muhafazats of Aleppo, Raqqa, Deir Ezzor and Hasakah. The Directorate of Communications in each Muhafazat has been delegated authority by the Government to carry out actual administration, contracting and management of the Project.

(2) Design: The Directorate of Communications in each of the Muhafazats will do the design, technical specifications and contract documents. This will also include the bill of quantities and cost estimate. The Directorate of Design for Highways and Bridges of the Ministry of Communications will provide technical backstopping for the Muhafazats.

(3) Supervision of Construction: The Directorate of Communications in each of the Muhafazats will do the contracting and supervision of construction. The Directorate of Construction and Maintenance for Highways and Bridges of the Ministry of Communications will provide technical backstopping for the Muhafazats.

(4) Project Disbursements: The Directorate of Communications in each of the Muhafazats will be responsible for submitting a progress report each month to the Ministry of Local Administration. The Ministry of Local Administration will combine the four Muhafazats' requests for reimbursement and submit to A.I.D. as one package each month.

(5) Maintenance and Operation: The Directorate of Communications in each Muhafazat is responsible for

the maintenance and operation of rural roads. The Directorate of Construction and Maintenance for Highways and Bridges of the Ministry of Communications is responsible for providing technical backstopping in this field.

(6) SARG Responsibilities: The SARG through its implementing agencies is responsible for:

(a) provision of plans, technical specifications, contracting documents, bill of quantities and cost estimates for each road project;

(b) contracting and procurement services;

(c) supervision of construction;

(d) disbursements to contractors;

(e) certification of satisfactory project completion;

(f) subsequent maintenance and operation; and

(g) notification and certification as required under the periodic FAR reimbursement process, including notification of contractors' notice to proceed.

b. U.S.A.I.D.: Project implementation management and monitoring of the A.I.D. inputs for the proposed loan will be the responsibility of the Office of Capital Development and a member of this office will be assigned as the Mission Project Manager for the direct monitoring of the project. The Chief Capital Development Officer will represent the Mission in loan negotiations and the Chief Engineer on technical matters.

2. Implementation Plan. Schedule of Major Events.

Action	Event	Date
1	First 9 road projects approved	1-01-80
2	Three road projects approved	3-01-80
3	Eight road projects approved	4-01-80
4	Three road projects approved	5-01-80
5	Twelve road projects approved	7-01-80
6	Three road projects approved	9-01-80
7	Five road projects approved	10-01-80
8	Three road projects approved	11-01-80
9	Three road projects approved	1-01-81
10	Three road projects approved	3-01-81
11	Five road projects approved	5-01-81
12	Last three road projects approved	7-01-81

3. Project Monitoring. The FAR method involves regular monitoring and inspection for project certification. This monitoring and inspection will be accomplished by a direct-hire U.S.A.I.D. Highway Engineer who will visit and inspect each road project at least once each month. He will prepare a written report for U.S.A.I.D. on the status of each road project under construction each month. A direct-hire U.S.A.I.D. U.S. engineer will visit each road site as often as possible to insure that the work is being done in accordance with approved plans and specifications.

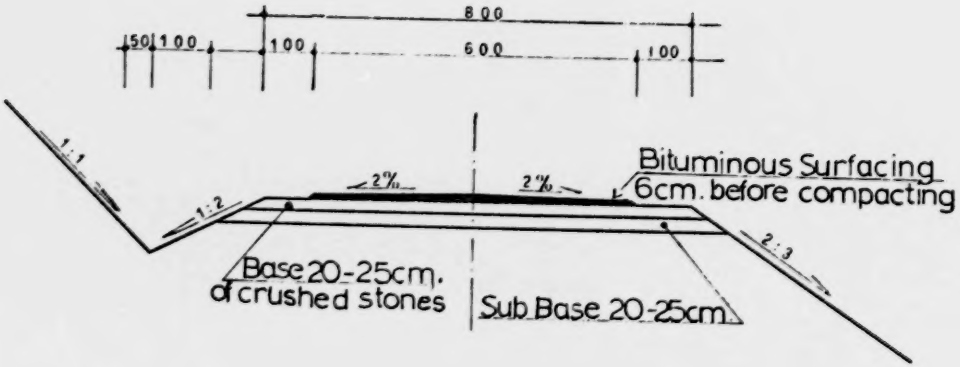
4. Project Approval of Each Road. The SARG, through the Directorate of Communications in each Muhafazat, must submit the design and construction package for each road project to U.S.A.I.D. This package will consist of plans, technical specifications, contract documents, bill of quantities and final cost estimate. Upon satisfactory submission of this design and construction package, U.S.A.I.D. will issue an Implementation Letter for each road package submitted by SARG. These Implementation Letters shall specify the exact amount of A.I.D. participation and will be based on the final cost estimate submitted by the SARG. In general, this participation will be a maximum of seventy five percent (75%) of the approved cost estimate. A.I.D. may decide on a lesser amount if it feels that the cost estimate submitted by the Government is too high. Some of the projects are presently under construction. Prior to issuing Implementation Letters on these projects, U.S.A.I.D. will conduct an on-site inspection of each road project to determine the exact amount of each type of new work to be done and if the already completed work is satisfactory for construction of new works to proceed.

5. Project Construction Schedule. A construction progress schedule will be submitted by the Directorate of Communications of the four Muhafazats to U.S.A.I.D. These schedules shall indicate the starting date, time frame and ending date for each road construction project. This schedule will be kept up to date during project implementation by the individual Muhafazats.

6. Technical Services. The funds set aside for technical services will be utilized as needed for materials

analysis and construction technology in the use of sand asphalt for bituminous surfacing. It will also be used to employ experts in the field of economics and social analysis to conduct the evaluations in these fields.

F. Evaluation Arrangements: There will be three technical evaluations by A.I.D. and SARG of the project. The first evaluation should occur after the project has been in progress for a period of 18 months. The second evaluation should occur immediately after the projected three year completion date. If the project is not completed by the end of three years, this evaluation should make recommendations as to whether the project should be continued or terminated. A final evaluation will be accomplished one year after project completion to report on the traffic utilization of the roads improved under this project and pinpoint any roads particularly requiring maintenance effort by the SARG or will identify structural failures which might have occurred since completion of the project. SARG will make traffic counts on all project roads in the early stages of the project or immediately after the road is opened to traffic and again at the time of the final evaluation to check volumes of increased traffic. These traffic checks will be of particular help to A.I.D. and the SARG in the development of future road projects in Syria. The third and final evaluation should also include the socio-economic objectives. The details of the evaluation requirements will be provided by Implementation Letter.



TYPICAL CROSS SECTION

RURAL ROADS PROJECT